'Making Work Pay' Tax Cut for Middle Class Set to Kick In

WASHINGTON - U.S. Rep Harry Mitchell today said Arizona's workforce should be checking their paystubs to see the effects of the stimulus plan's tax cut for middle-class workers.

"One of the most effective ways to stimulate the economy is to let workers take home more of their pay," Mitchell said. "This middle-class tax cut will give Arizona's families more money in their pockets, which means more power to spend, save and budget for their futures."

The Making Work Pay Tax Cut provides a refundable tax credit for American workers earning less than \$95,000 per year. Individuals will receive up to \$400 and married taxpayers filing joint returns will received up to \$800.

Workers will see the tax cuts in their paystubs. Starting tomorrow, the amount of federal taxes withheld from paychecks will be reduced to reflect the tax cut, thereby increasing take-home pay.

Workers do not need to take action to receive the tax cut and are eligible if they are employed or self-employed and paying into Social Security. However, if they hold more than one job, are joint filers whose spouses work, receive income from a rental property or investment, or already started receiving their credit in February or March, it is wise to check to ensure they are not over-credited.

The IRS has set up an <u>online calculator</u> that can help figure out how many allowances workers should take if they are eligible to receive the credit and don't want to have too little tax withheld.

The Making Work Pay Tax Cut was approved as part of the American Recovery and Reinvestment Act of 2009, also known as the stimulus bill, which passed the House on January 28, by a vote of 244 to 188, and was signed into law by President Obama on February 17, 2009.